

# Risk Management Policy

## Purpose

1. The University is committed to ensuring that the institution has a robust system of internal control which supports the management of risk, in line with regulatory requirements and good practice in risk management.
2. This Policy explains the University's underlying approach to risk management, documenting the roles and responsibilities of the Board of Governors ('the Board'), the Vice Chancellor, and University Executive Committee ('UEC'), and other key parties. A diagram illustrating roles and responsibilities is provided as appendix 1.
3. The Policy also outlines key aspects of the risk management process, identifies the main reporting procedures, and describes the processes by which the Board, via support from the Audit & Risk Committee, will evaluate the effectiveness of the University's internal control procedures.

## Application of the Policy

4. This Policy applies to all colleagues. Specific roles in relation to risk management are set out in the Policy.

## Principles of approach to risk management

5. The following key principles determine the University's approach to risk management and internal control:
  - Effective risk management assists in ensuring the sustainability of the University's operations;
  - The University aims to create a culture in which risks are identified, understood and managed by staff at all levels;
  - Risk management is embedded within the University's planning process where Deputy Vice Chancellors, Pro Vice Chancellors, Deans of School, and Directors and Heads of Service are responsible for ensuring good risk management practices within their portfolios of responsibility;
  - Key factors affecting risk likelihood or impact are identified and closely monitored through the University's risk management process; and
  - The University makes prudent recognition and disclosure of the financial and non-financial implications of risks.

## Risk Registers

6. The Corporate Risk Register (CRR) details key risks that pose threats to the University achieving its strategic objectives and is overseen by UEC. The CRR shows the raw (untreated) and residual (after application of control measures) risk rating as a colour (red/amber/green) alongside an agreed tolerance for each risk. Risk ratings are arrived at using a scoring system based on the likelihood of the risk arising and the impact to the University should the risk materialise. The scoring system framework is detailed at **appendix 2**. A risk appetite for each risk as well as key risk themes is also set, and where a mitigated (residual) risk is still outside the agreed appetite, an action plan is formulated with the aim of reducing the risk to within appetite. As part of its delegated role to oversee and provide advice to the Board on the University's framework for risk management, the Audit & Risk Committee reviews the CRR at a minimum of three times a year.
7. Local Risk Registers (LRR) are maintained and regularly reviewed by each School and Service within the University. The LRRs detail the risks specific to an area in addition to the corporate risks. The University Registrar and Secretary's Office facilitates a regular process of review of LRRs to monitor compliance with the University's expectations in relation to the consideration, recording, and management of key risks. This process is also used as an additional check for risks that may require further consideration by UEC in reviewing the CRR.

## Role of the Board of Governors

8. The Board has primary responsibility for certain statutory and regulatory duties as the governing body of the University. The Board must fulfil its responsibility for adequate and effective risk management, control and governance, and for the economy, efficiency and effectiveness (value for money) of the institution's activities. In relation to risk management, therefore, the Board's role is to:
  - Set the tone and influence the culture of risk management within the University. This includes:
    - Determining the appropriate risk appetite or level of exposure for the institution as a whole or on any relevant individual issue;
    - Determining what types of risk are acceptable and which are not in the context of its risk appetite; and
    - Setting the related standards and expectations of staff with respect to conduct and probity.
  - Approve major decisions affecting the University's risk profile or exposure.
  - Monitor the management of significant risks to support its role in ensuring the sustainability of the University.
  - Satisfy itself that less significant risks are being actively managed, with the appropriate controls in place, and working effectively.
  - Review the University's strategic risks and Board Assurance Framework at least annually and to approve changes or improvements to key elements of its risk management framework and policy on the advice of the Audit & Risk Committee.

## **Role of the Audit & Risk Committee**

9. The Audit & Risk Committee has delegated authority from the Board to oversee the University's framework for risk management, including annual review of the Board Assurance Framework, and advising the Board accordingly.
10. The Audit & Risk Committee meets regularly throughout the year, considering reports and receiving assurances on the University's risk management processes covering the University's first, second and third lines of defence.
11. The Audit & Risk Committee takes an active role in monitoring the effectiveness of key controls and mitigations and actions to reduce risks to within agreed tolerances.
12. The Audit & Risk Committee provides advice to the Board about the effectiveness of the University's risk management processes throughout the year.
13. The Audit & Risk Committee provides an annual report to the Board that includes the Committee's opinion on the adequacy and effectiveness of the University's systems of risk management. The Board considers this report as part of its consideration of the Annual Financial Statements.

## **Role of the Vice Chancellor and University Executive Committee (UEC)**

14. The Vice Chancellor is the Chief Executive of the University and responsible for the organisation, direction and management of the University and its staff, as set out in the Articles of Government. The Vice Chancellor (as Chief Executive, and Accountable Officer) is responsible for:
  - Identifying and evaluating the significant risks faced by the University for consideration by the Board.
  - Advising the Board, via the Audit & Committee, on the development of strategy and policy relating to risk management.
  - Implementing policies and procedure for risk management and internal control across the University.
  - Providing adequate information in a timely manner to the Board and its Committees on the status of risks and controls at a corporate level.
  - Reporting to the Office for Students (OfS) and other regulatory bodies any significant matters, including those that emerge through risk management processes, in accordance with relevant regulatory frameworks.
15. In undertaking these responsibilities, the Vice Chancellor is supported by the University Registrar & Secretary who has operational responsibility for the development and implementation of the Risk Management Policy and for ensuring that risk management processes are appropriately co-ordinated and consistent across each School and Service area and that staff are appropriately inducted and trained.

16. UEC is responsible for oversight of the University's CRR, which is reviewed at least three times a year. The overarching approach is reviewed annually.
17. Members of UEC are the primary owners of corporate risks and members of the Senior Management Group are the primary owners of the local risks. They are responsible for the management of risks and, in particular, for ensuring that action is taken where required to reduce a risk to within tolerance.
18. UEC is responsible for oversight of the University's Board Assurance Framework which complements the CRR and is reviewed at least annually.
19. Members of UEC are the leads for areas of activity linked to delivery of the University's Strategic Planning Framework (see [link](#)) and ensuring that appropriate assurances are in place regarding delivery of the University's strategic aims.

### **Risk management as part of the system of internal control**

20. The University's system of internal control incorporates risk management and encompasses a number of elements that enable the University to respond to quality, business continuity, and financial sustainability risks. These include:

#### **(a) Regulation, policies and procedures**

A regulatory and policy framework is applied across all areas of the University's activities and underpins the internal control process (including but not limited to the [Financial Regulations](#), [Academic Regulations](#), Risk Registers, [Whistleblowing Policy and Procedure](#), [Counter-Fraud Policy](#), [Anti-Bribery and Corruption Policy](#), and [Safety, Health and Wellbeing Policy](#)).

#### **(b) Regular reporting**

Risks are regularly reviewed by all areas of the University through the local risk management framework. Where a matter is determined to present a high level of risk, there are mechanisms in place for reporting and escalating the risk. Conversely, where a matter is determined to present a lower level of risk, there are mechanisms in place for referring that risk for management at a local level.

The Vice Chancellor reports to each meeting of the Board providing an update on key areas of strategic activity, including but not limited to progress and development of the strategic aims, in addition to regular items of business on academic quality and assurance, student recruitment, and financial performance. Performance against key performance indicators (KPIs) including but not limited to issues relating to the student experience, research and innovation, and institutional sustainability are regularly considered by the Board.

#### **(c) Annual planning and budgeting**

The University's annual planning and budgeting processes are used to set objectives, agree action plans, and allocate resources. The identification and management of risk is a key part of this process and is discussed at least annually by the University

Executive Committee and members of each School and Service's Leadership Team. Progress towards meeting annual plan objectives, which support the achievement of the Strategic Planning Framework, is monitored by UEC regularly and reported to the Board.

**(d) Corporate risk management framework (Corporate Risk Register)**

Corporate risks are considered regularly by the UEC and formal discussion and review of the CRR and Board Assurance Framework at regular intervals across the academic year facilitates the identification, assessment and ongoing monitoring of risks that are significant to the University and its performance. Corporate risks are categorised as risks to finance, standards, or people. Review of the CRR informs insurance arrangements and vice versa.

**(e) School and Service risk management framework (Local Risk Registers)**

Deans of School along with Directors and Heads of Service use the risk management framework and apply and tailor the framework, as required, to their respective School or Service. They are responsible, in consultation with UEC Lead, for identifying, managing, monitoring and reporting risks and controls through the agreed University processes and for facilitating appropriate linkages between local and corporate level risks.

The academic governance structure provides an additional route through which academic risks are managed and assurances from schools tested (for example in relation to student outcomes).

The University Registrar & Secretary facilitates a regular process of review of all LRRs to monitor compliance with the University's expectations in relation to the consideration, recording and management of key risks. This process is also used as an additional check for risks that may require further consideration by UEC in reviewing the CRR.

**(f) Audit & Risk Committee**

The Audit & Risk Committee is required to report to the Board on matters of internal control and alert governors to any emerging issues. In addition, the Committee oversees internal audit, external audit, and management action plans as required in its review of internal controls. The Committee is therefore well-placed to provide advice to the Board on the effectiveness of the internal control system, including the University's system for the management of risk.

**(g) Internal audit programme**

Internal audit is an important element of the internal control process. In addition to its normal programme of work, internal audit is responsible for aspects of the annual review of the effectiveness of the risk management system within the University and adopts a risk-based approach in line with guidance from the Office for Students.

**(h) External audit**

External audit provides feedback to the Audit & Risk Committee on the operation of the internal financial controls reviewed as part of the annual audit of the financial statements.

**(i) Third party reports**

From time to time, the use of external consultants may be necessary or beneficial to the University. The use of specialist third parties for consulting and reporting can help increase the reliability of the internal control system.

**(j) Internal working groups**

Internal cross-institutional working groups serve as a further vehicle for monitoring and assessing risk on a thematic basis, and can escalate matters to the UEC for inclusion on the CRR and/or to Deans and Directors for inclusion on their respective LRR.

**Annual review of effectiveness**

21. The Board is responsible for reviewing the effectiveness of the University's internal controls, based on information provided by the Audit & Risk Committee.
22. For the risks on the CRR and in relation to the Board Assurance Framework, the Audit & Risk Committee will:
  - Review the previous year and examine the University's track record on risk management and internal control;
  - Consider the internal and external risk profile of the coming year and consider if current internal control arrangements are likely to be effective;
  - Ensure that the internal audit programme for the coming year addresses the key risks.
23. In assessing the effectiveness of internal controls, the Audit & Risk Committee will consider and advise the Board on the following aspects:
  - (a) Control environment**
    - The University's objectives and its financial and non-financial targets;
    - Institutional culture, approach, and resources with respect to the management of risk; and
    - Appropriate delegation of authority.
  - (b) On-going identification and evaluation of significant risks**
    - Timely identification and assessment of significant risks; and
    - Prioritisation of risks and the allocation of resources to address areas of high exposure.
  - (c) Information and communication**
    - Quality and timeliness of information on significant risks; and
    - Timeframes for control breakdowns to be recognised or new risks to be identified.

**(d) Monitoring and corrective action**

- Ability of the University to learn from its experience and any past mistakes; and
- Commitment and speed with which corrective actions are implemented.

24. The University’s internal auditors prepare a report of its review of the effectiveness of the internal control system annually for consideration by the Board via the Audit & Risk Committee.

**Review of this Policy**

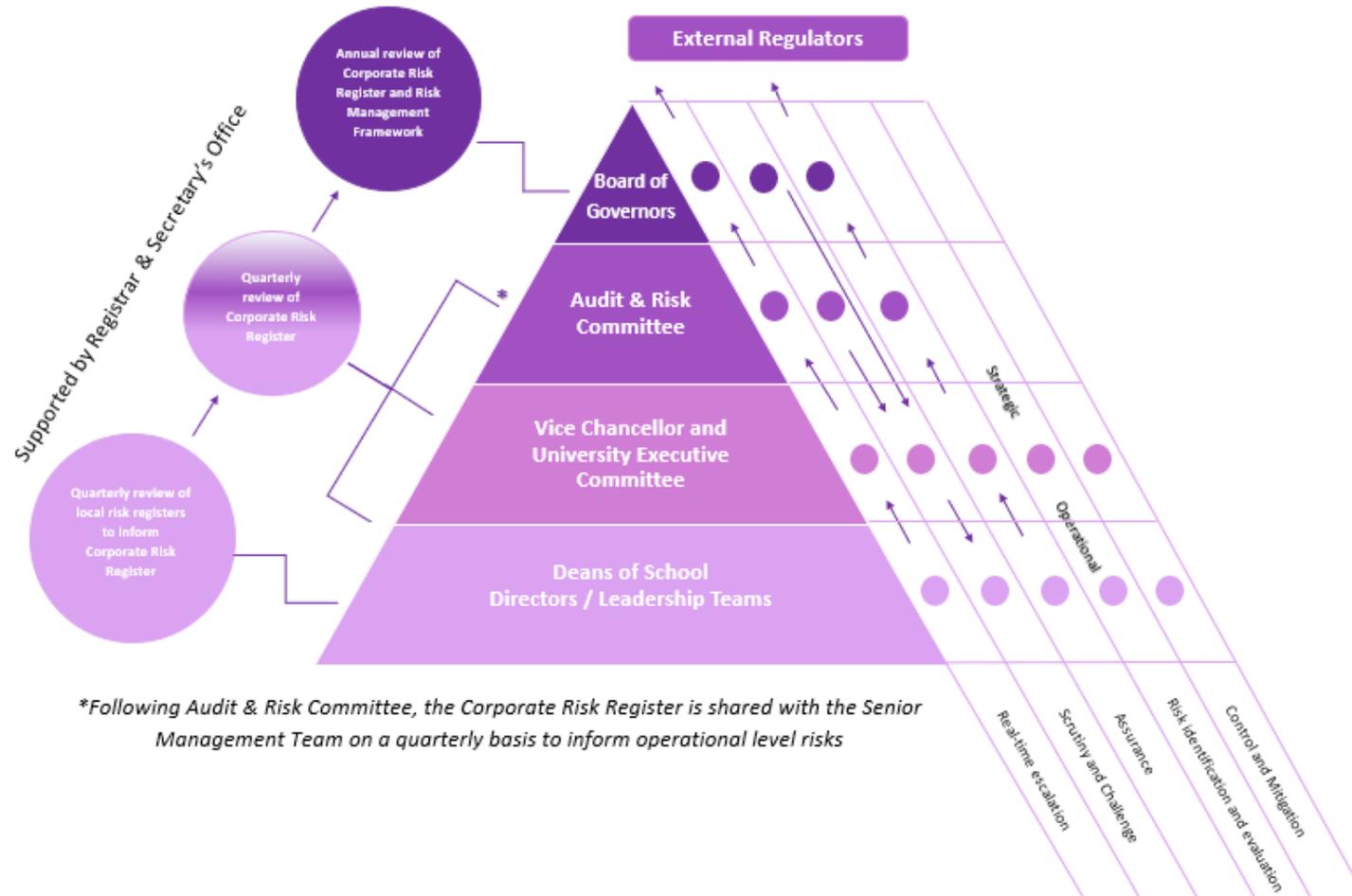
25. The Risk Management Policy will be reviewed and considered every 2 years or sooner if required.

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Author(s)	University Registrar & Secretary
Developed in consultation with	N/A
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Links to other internal policies / procedures	<a href="#">Statement of Risk Appetite</a>
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Version History - summary of changes	<ul style="list-style-type: none"><li>• 1.0 [07 July 2009, Board of Governors]<ul style="list-style-type: none"><li>○ 1.1 [23 August 2010, Audit Committee - terminology update]</li></ul></li><li>• 2.0 [25 November 2011, Board of Governors]</li><li>• 3.0 [12 July 2019, Board of Governors - Office for Students regulator]<ul style="list-style-type: none"><li>○ 3.1 [08 November 2019, Audit Committee - visual representation of local and corporate risk management processes]</li><li>○ 3.2 [22 January 2021 - annual review undertaken by the RSO, no recommended changes made. Reported to Audit Committee on 22 January 2021.]</li></ul></li></ul>

	<ul style="list-style-type: none"><li>○ 3.3. [26 August 2021 - updated references to University Registrar &amp; Secretary, and Registrar &amp; Secretary's Office (RSO)]</li><li>● 3.4 updates to reflect revised approach to risk management implemented during 2021/22</li><li>● 3.5 Risk Likelihood / Impact Scoring Frameworks and Overall Risk Rating tables added (previously contained in the Risk Appetite Statement)</li></ul>
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**Risk Management roles, responsibilities, and reporting**



## **Risk Likelihood / Impact Scoring Frameworks**

### **Likelihood**

*The likelihood of the risk being realised is assessed using the Risk Likelihood Framework:*

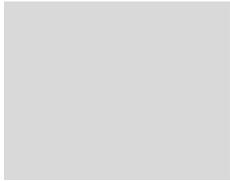
<b>Risk Likelihood Framework</b>		
<b>LIKELIHOOD</b>	<b>SCORE</b>	<b>DESCRIPTION</b>
<b>Very Low</b>	1	Extremely unlikely to occur, or virtually impossible
<b>Low</b>	2	Unlikely to occur
<b>Medium</b>	3	Fairly likely to occur
<b>High</b>	4	More likely to occur than not
<b>Very High</b>	5	Almost certainly will occur

### **Impact**

*The impact on the University if the risk is realised is identified using the Risk Impact Framework:*

#### **Risk Impact Framework**

<b>IMPACT</b>	<b>SCORE</b>	<b>DESCRIPTION</b>
<b>Insignificant</b>	1	<ul style="list-style-type: none"> <li>• Would have only a marginal effect on the achievement of some aspects of key performance indicators</li> <li>• Would have only marginal financial consequences</li> <li>• Would be managed with existing systems/procedures</li> <li>• Little impact on public perceptions</li> </ul>
<b>Minor</b>	2	<ul style="list-style-type: none"> <li>• Would hinder the achievement of some aspects of key performance indicators</li> <li>• Would have financial consequences that could be managed with existing budgets</li> <li>• May necessitate some changes to University systems/procedures</li> <li>• May give rise to questions about the extent to which public expectations are being met</li> </ul>
<b>Moderate</b>	4	<ul style="list-style-type: none"> <li>• Would hinder the achievement of some key performance indicators</li> <li>• Would have financial consequences that could be managed by flexing existing budgets</li> <li>• May necessitate some changes to the University's structure and/or priorities</li> <li>• Would necessitate some changes to University systems/procedures</li> <li>• Local media coverage: some short-term perception of not fully meeting public expectations</li> </ul>
<b>Major</b>	8	<ul style="list-style-type: none"> <li>• Would seriously hinder the achievement of key performance indicators</li> <li>• Would have serious financial consequences that may require significant reallocation of university resources</li> <li>• Would necessitate some changes to the University's structure and/or priorities</li> <li>• Would necessitate significant changes to University systems/procedures</li> <li>• Sustained local and/or some national media coverage: longer term perception of not meeting public expectations</li> </ul>
<b>Catastrophic</b>	12	<ul style="list-style-type: none"> <li>• Would pose a serious threat to the University's survival</li> <li>• Would prevent the achievement of key performance indicators</li> </ul>



- Would have very serious financial consequences that may not be manageable with existing University resources
- Would necessitate very significant changes to the University’s structure, priorities, and systems/procedures
- Sustained national media coverage: perceived total loss of public confidence

### Overall Risk Rating

The impact and likelihood scores for each risk are multiplied to give an overall score and RAG rating:

Risk Rating Matrix						
<b>IMPACT</b>	<b>Catastrophic 12</b>	12	24	36	48	60
	<b>Major 8</b>	8	16	24	32	40
	<b>Moderate 4</b>	4	8	12	16	20
	<b>Minor 2</b>	2	4	6	8	10
	<b>Insignificant 1</b>	1	2	3	4	5
		<b>Very Low 1</b>	<b>Low 2</b>	<b>Medium 3</b>	<b>High 4</b>	<b>Very High 5</b>
		<b>LIKELIHOOD</b>				